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# Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 /036 W
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FM AMEMBASSY BONN
TO SECSTATE WASHDC 6324
INFO AMEMBASSY LONDON
AMEMBASSY BRUSSELS
USMISSION USNATO
USMISSION USBERLIN
AMEMBASSY PARIS

C O N F I D E N T I A L BONN 03769

BRUSSELS FOR FAA

E.O. 11652: GDS
TAGS: EAIR, PGOV, WB, GW, FR, UK
SUBJECT: CIVAIR: AIR ALSACE FARES ON BERLIN-SAARBRUEKEN ROUTE

REF: A. BONN 3545, B. BONN 3618

1. SINCE SENDING REFTELS, IT HAS COME TO OUR ATTENTION THAT PAN AMERICAN FLEW BERLIN-SAARBRUEKEN ROUTE IN 1972 AT RATE APPROXIMATELY 30 PERCENT HIGHER PER AIR-CRAFT MILE THAN OTHER IGS ROUTES AND THAT MODERN AIR IN 1974 HAD A PRICE APPROXIMATELY 15 PERCENT HIGHER ON A PER MILE BASIS THAN OTHER IGS ROUTES. THUS, TO PERMIT A HIGHER FARE FOR AIR ALSACE WOULD NOT SET A NEW PRECEDENT FOR NON-UNIFORM FARES AS SUGGESTED REF B, ESPECIALLY AS WE UNDERSTAND THAT THE EARLIER FARES WERE APPROVED BY THE CAA'S ON AN EXCEPTIONAL BASIS GIVEN THE UNPROFITABLE NATURE OF THE ROUTE, AT LEAST WITH THE EQUIPMENT AVAILABLE TO THE CARRIERS
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CONCERNED. IT WOULD SEEM THAT ALLOWING SUCH A FARE ON AN EXCEPTIONAL BASIS AND THEN LIMITING FUTURE FARE INCREASES TO THE SAME OR LESSER PERCENTAGE THAN OTHER IGS CARRIERS RECEIVE WOULD SUFFICE TO PRESERVE PRINCIPLE OF UNIFORMITY IN FARES. PAN AMERICAN HAS INDICATED IT WOULD RAISE NO OBJECTION TO THE AIR ALSACE FARE FILING.

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2. WE CONSIDER THE AIR ALSACE OPERATION BADLY CONCEIVED AND UNLIKELY EVER TO BE PROFITABLE WITHOUT BASIC CHANGES IN APPROACH. ON A ROUTE THAT WOULD BE MARGINAL FOR EVEN MORE SUITABLE EQUIPMENT (E.G. A USED F-27), IT IS UNLIKELY THAT THE INDICATED 72 PERCENT BREAK-EVEN LOAD FACTOR OF THE VFW 614 WILL BE OBTAINABLE. IF TRAFFIC SHOULD GROW THAT MUCH, THERE WOULD PROBABLY BE UNDER-CAPACITY AT PEAK TIMES TO MAKE AN OVER-ALL 72 PERCENT LOAD FACTOR.

3. THE MAJOR INITIATIVE AND DRIVE FOR THIS SERVICE HAS COME FROM THE SAARLAND GOVERNMENT WHICH IS INTERESTED IN BOOSTING ITS INDUSTRY AND THE IMAGE OF SAARBRUEKEN AS A MAJOR CITY RATHER THAN IN THE WELFARE OF BERLIN OR THE DEMANDS OF AN EFFICIENT AVIATION SERVICE. IT IS BEYOND THE SCOPE OF ALLIED INTERESTS IN BERLIN TO SUPPORT SAARLAND'S EFFORTS HOWEVER WORTHY THESE MIGHT BE.

4. NEVERTHELESS, WE WOULD BE IN A POOR POSITION TO RESIST IF THE FRG AND THE BERLIN SENAT AGREED WITH THE FRENCH TO SUPPORT HIGHER FARES FOR AIR ALSACE, IN VIEW OF THE FACT THAT, IN THE RECENT PAST, TWO AMERICAN CARRIERS WITH EVEN MORE UNSUITABLE EQUIPMENT (CONVAIR 880'S AND BOEING 727'S) WERE PERMITTED HIGHER FARE DIFFERENTIALS THAN AIR ALSACE IS SEEKING. THE UK CONFIDENTIAL

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CAA ALREADY HAS INDICATED HE WOULD APPROVE THE FARE IF THE FRG DESIRED IT.

5. WE WOULD, THEREFORE, BE INCLINED NOT TO TRY TO BLOCK THIS FARE IF THE OTHER INVOLVED PARTIES APPROVED IT. WE WOULD WANT TO INSIST, HOWEVER, THAT THIS WAS ON AN EXCEPTIONAL BASIS AND THAT IT DID NOT CONSTITUTE A PRECEDENT FOR EXCEPTIONAL FARES ON EXISTING IGS ROUTES WHICH ARE UNPROFITABLE

ACTION REQUESTED: DEPARTMENT'S VIEWS WOULD BE APPRECIATED.

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# Message Attributes

**Automatic Decaptioning:** X
**Capture Date:** 01 jan 1994
**Channel Indicators:** n/a
**Current Classification:** UNCLASSIFIED
**Concepts:** AIR FARES, AIR ROUTES
**Control Number:** n/a
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**Draft Date:** 01 mar 1978
**Decaption Date:** 01 jan 1960
**Decaption Note:**
**Disposition Action:** RELEASED
**Disposition Approved on Date:**
**Disposition Case Number:** n/a
**Disposition Comment:** 25 YEAR REVIEW
**Disposition Date:** 20 Mar 2014
**Disposition Event:**
**Disposition History:** n/a
**Disposition Reason:**
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**Original Previous Classification:** n/a
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**TAGS:** EAIR, PGOV, WB, GE, FR, UK
**To:** STATE
**Type:** TE
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